

CALGARY, ALBERTA--(Marketwired - May 9, 2017) - [Trinidad Drilling Ltd.](#) (TSX:TDG) (Trinidad) announced its first quarter 2017 results today.

In the first quarter of 2017, Trinidad responded quickly to growing customer demand and increasing activity levels. The Company reactivated rigs in both its Canadian and US operations, and began an upgrade program on existing equipment to meet ongoing demand, particularly in the US.

Trinidad recorded Adjusted EBITDA(1) of \$51.3 million in the first quarter of 2017, up 15.9% from the same quarter last year as the impact of higher activity levels and early termination revenue received in the Company's joint venture offset lower dayrates than in the first quarter of 2016. Net income(2) was a loss of \$11.9 million or \$(0.05) per share in the first quarter of 2017 compared to net income of \$11.3 million or \$0.05 per share in the first quarter of 2016, largely as a result of one-time general and administrative costs primarily related to bad debt expense, higher foreign exchange expenses and a smaller gain from investments in joint ventures in the current quarter. These additional costs in the quarter were partly offset by the impact of cost cutting initiatives implemented during the past two years. In addition, earnings per share was impacted by an increase in the number of shares outstanding due to the issuance of 47.5 million shares during the first quarter of 2017.

"Industry conditions began to improve in late 2016 and continued to strengthen in the first quarter of 2017," said Brent Conway, Trinidad's President and Chief Executive Officer. "Our Canadian and US and international divisions worked over 40% more operating days this quarter than the same quarter last year, and we are continuing to see positive momentum in customer demand. With increasing activity, we are also seeing opportunities to increase dayrates, particularly for high performance equipment in our US operations. Our 2017 upgrade program is focused on meeting these growing customer requests and is targeted towards high-spec equipment that can be relatively easily upgraded to meet changing customer requirements. The upgrade program is largely backed by customer commitments that provide solid returns and have early termination provisions that cover almost all the upgrade capital."

"During the first quarter, we refinanced our long-term debt, lowering overall leverage, extending debt maturity and lowering interest costs. As part of this refinancing, we also raised approximately \$150 million through an equity offering. In addition to lowering leverage, these transactions have allowed us the financial flexibility to capture the opportunities we saw growing. With our strong balance sheet, in-demand equipment and well-trained crews, we are well positioned for success in the improving industry conditions."

(1) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section of this document for further details.

(2) Net income is net income attributable to shareholders of Trinidad.

FIRST QUARTER 2017 HIGHLIGHTS

- Revenue increased by \$25.1 million in the first quarter of 2017 compared to the same period in 2016 primarily as a result of higher activity levels in Canada and the US, partly offset by lower dayrates in the current period.
- Operating days increased by 43.4% in the Canadian and US and international drilling operations compared to the same quarter last year, as industry conditions continued to improve throughout the first quarter of 2017.
- Dayrates decreased in both the Canadian and US and international drilling operations due to changes in the active rig mix and an increased number of rigs working under spot market pricing compared to contract pricing during the quarter.
- Net loss attributable to shareholders of Trinidad was \$11.9 million during the first quarter of 2017, down from \$11.3 million net income in the same quarter last year. Net income lowered largely due to fluctuations in foreign exchange, one-time general and administrative (G&A) costs and a smaller gain from investments in joint ventures in the current quarter.
- Adjusted EBITDA was \$51.3 million in the first quarter, an increase of 15.9% from 2016. Adjusted EBITDA increased primarily due to higher activity levels in the Canadian and US divisions associated with growing customer demand and re-activation of rigs.
- Adjusted EBITDA from investments in joint ventures increased in the current period mainly due to the recognition of early termination revenue in Mexico.
- During the quarter, Trinidad began its upgrade program and invested \$23.2 million, which included \$17.8 million in capital upgrades and enhancements to meet growing demand for high performance rigs.
- During the first quarter of 2017, Trinidad refinanced its long-term debt, lowering overall leverage, extending debt maturity and lowering interest costs. The Company redeemed its outstanding US\$450 million of 7.875% senior unsecured notes due in 2019 (2019 Senior Notes) and issued US\$350 million of senior unsecured notes which accrue interest at a rate of 6.625% per annum and mature in February 2025 (2025 Senior Notes), collectively referred to as Senior Notes. The reduction of the principal amount outstanding and interest rates is expected to decrease interest expense throughout 2017.
- The Company completed an offering of 47,460,317 common shares at a price of \$3.15 per share for gross proceeds of \$149.5 million.

- Subsequent to March 31, 2017, Trinidad received a US\$30.0 million distribution from our joint venture with Halliburton, Trinidad Drilling International (TDI).

HIGHLIGHTS

Three months ended March 31,

(\$ thousands except share and per share data) 2017 2016 % Change

FINANCIAL HIGHLIGHTS

Revenue	132,737	107,650	23.3
Operating income ⁽¹⁾	48,638	46,679	4.2
Operating income - net percentage ⁽¹⁾	38.8	% 45.4	% (14.5)
Adjusted EBITDA ⁽¹⁾	51,258	44,207	15.9
Per share (diluted) ⁽²⁾	0.21	0.20	5.0
Funds flow ⁽¹⁾	237	8,700	(97.3)
Per share (basic / diluted) ⁽²⁾	-	0.04	(100.0)
Net (loss) Income ⁽³⁾	(11,936)	11,303	(205.6)
Per share (basic / diluted) ⁽²⁾⁽³⁾	(0.05)	0.05	(200.0)
Capital expenditures	23,172	20,164	14.9
Shares outstanding - diluted (weighted average) ⁽²⁾	249,883,461	222,087,270	12.5

OPERATING HIGHLIGHTS

Operating days ⁽¹⁾			
Canada	2,888	2,001	44.3
United States and International	2,465	1,733	42.2
TDI Joint Venture ⁽⁴⁾	354	690	(48.7)
Rate per operating day ⁽¹⁾			
Canada (CDN\$)	22,965	24,635	(6.8)
United States and International (US\$)	17,847	20,438	(12.7)
TDI Joint Venture (US\$) ⁽⁴⁾	107,057	46,676	129.4
Utilization rate - operating day ⁽¹⁾			
Canada	45%	31%	45.2
United States and International	41%	29%	41.4
TDI Joint Venture ⁽⁴⁾	49%	95%	(48.4)
Number of drilling rigs at period end			
Canada	71	72	(1.4)
United States and International	68	67	1.5
TDI Joint Venture ⁽⁴⁾	8	8	-

(1) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section at the end of this document.

(2) Basic shares include the weighted average number of shares outstanding over the period. Diluted shares include the weighted average number of shares outstanding over the period and the dilutive impact, if any, of the number of shares issuable pursuant to the Incentive Option Plan.

(3) Net (loss) income is net (loss) income attributable to shareholders of Trinidad. Net (loss) income per share is calculated as net (loss) income attributable to shareholders of Trinidad divided by the weighted average number of common shares outstanding, both adjusted for dilutive factors.

(4) Trinidad is party to a joint venture with a wholly-owned subsidiary of Halliburton. These rigs are owned by the joint venture.

A copy of Trinidad's First Quarter 2017 Management's Discussion and Analysis and the Financial Statements can be found at www.sedar.com and Trinidad's website at www.trinidadrilling.com/investorrelations/reports.aspx.

OUTLOOK

The improving industry conditions witnessed in the first quarter of 2017 have continued into the second quarter. In Canada, it is currently spring break-up and activity levels, while low due to typical seasonality, are significantly higher than at the same time during the past two years. Activity in Canada remains focused in the Montney, Deep Basin, and the Duvernay. In Canada, the Company has eight rigs currently working, up from four rigs at the same time last year. Trinidad expects activity levels in Canada to rebound quickly once ground conditions allow rigs to return to work.

In the US, customer demand continues to grow, predominantly for high performance equipment in the Permian Basin, with increasing interest in the Eagle Ford, Haynesville and SCOOP/STACK plays. In order to meet some of this growing demand,

Trinidad has agreed to move a second idle rig from its Canadian operations to work under a long-term contract in the Permian. Trinidad currently has 26 rigs or 81% of its active US fleet, working in the Permian and expects to add an additional 11 rigs to the Permian in the coming months. In total, Trinidad currently has 32 rigs or 47% of its US fleet operating, up from nine rigs operating at this time last year.

In its joint venture operations, Trinidad has successfully extended the contracts on three rigs on a well by well basis operating in Saudi Arabia. The joint venture currently has three rigs in Saudi Arabia and one rig in Mexico operating, one rig in Mexico earning standby revenue and three idle rigs. The joint venture and Trinidad are actively bidding on near-term and future opportunities for equipment that is idle or is expected to be available when contracts expire.

Growing activity levels and increasing customer demand are driving higher spot market dayrates and improving contract terms, particularly in the US. Since the beginning of March, Trinidad has signed eight new long-term contracts and several more contracts with terms of less than one year. Customers are increasingly agreeing to contracts with performance incentive or price escalation clauses tied to crude oil prices. These contracts allow Trinidad to lock in a base revenue level, while allowing the Company to share in the benefits of strong operational performance and increasing commodity prices. Currently, Trinidad has 31 rigs, or 21% of its fleet under long-term contracts, with an average term remaining of 1.6 years; eight contracts have expiration dates during the remainder of 2017.

To date, Trinidad has successfully crewed rigs as they have returned to work, largely with returning Trinidad employees. The Company remains committed to providing safe, efficient operations for its customers and its crews. Trinidad's ongoing industry-leading safety statistics and strong operational performance demonstrate its ability to train and recruit some of the best people in the industry.

As activity levels increase, Trinidad is continuing to carefully monitor costs in its operations and in its offices, retaining efficiency gains where possible. Other G&A expenses are expected to total between \$50 million and \$55 million, including one-time items recorded in the first quarter of 2017.

Trinidad expects to spend \$175 million in capital expenditures in 2017, with \$20 million directed to maintenance capital and \$155 million directed to upgrades of existing equipment. Of the total 2017 upgrade capital, approximately 75% will be spent in the US and 25% will be spent in Canada, with rig upgrades expected to be completed throughout the first three quarters of 2017. Trinidad's upgrade program is largely backed by customer commitments, including early termination provisions that cover almost all the capital spent.

Early in the second quarter of 2017, Trinidad received a distribution from its international joint venture operations of US\$30 million. These funds, along with cash on hand, funds generated from its operations and where necessary, the Company's revolving credit facility, will be used to fund the capital expenditure program.

Earlier in 2017, Trinidad raised equity and refinanced its debt, lowering the Company's leverage, extending its debt maturities and reducing future interest expense. These changes positioned Trinidad well to take advantage of improving market conditions, allowing the Company to upgrade rigs to meet changing customer demands and maintain or grow market share in some of North America's most active plays.

Conditions to date in 2017 have shown a marked improvement from last year. Assuming current commodity price levels, Trinidad expects to see ongoing improvements throughout the remainder of the year as it puts more rigs back to work. The impact of rig re-activation costs on operating costs is expected to lower, and as the industry's limited pool of high performance equipment is re-activated, spot market rates may continue to improve. Trinidad expects that the full impact of improving spot market rates will not be fully reflected in average reported dayrates until later in 2017, as it is partly offset by additional rigs re-activated in the spot market and rigs rolling off contract. The US will likely be ahead of Canada in this regard. With its improved financial flexibility, high performance fleet and skilled crews, Trinidad is well positioned to benefit from these improving industry conditions.

RESULTS FROM OPERATIONS

Canadian Operations

Three months ended March 31,

(\$ thousands except percentage and operating data)	2017	2016	% Change
Operating revenue ⁽¹⁾	66,324	50,358	31.7
Operating income ⁽²⁾	30,295	23,901	26.8
Operating income - net percentage ⁽²⁾	45.2	% 47.2	%
Operating days ⁽²⁾	2,888	2,001	44.3
Rate per operating day (CDN\$) ⁽²⁾	22,965	24,635	(6.8)
Utilization rate - operating day ⁽²⁾	45	% 31	% 45.2
Number of drilling rigs at period end	71	72	(1.4)

- (1) Operating revenue excludes third party recovery.
- (2) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section at the end of this document.

For the three months ended March 31, 2017, Trinidad recorded operating revenue and operating income of \$66.3 million and \$30.3 million, respectively, an increase of 31.7% and 26.8%, respectively, compared to the three months ended March 31, 2016. Increased revenue generation and operating income were driven by higher activity levels during the first quarter of 2017, partly offset by lower dayrates, when compared to the same quarter last year.

For the three months ended March 31, 2017, Trinidad recorded 2,888 operating days, compared to 2,001 operating days in 2016. Activity levels increased as a result of growing customer demand associated with improved commodity prices in 2017, compared to the first quarter of 2016.

Dayrates decreased by \$1,670 per day in the current quarter compared to the first quarter of 2016. Dayrates were lower in 2017 as a result of an increase in the number of rigs on spot market pricing compared to contract pricing. Contract pricing was generally set during stronger industry conditions and typically had higher dayrates than spot market pricing. The impact of the contract mix was partially offset by increased early termination and standby revenue recorded in the first quarter of 2017 to compensate Trinidad for shortfall days. As early termination and standby revenue is recorded with no operating days, it positively impacted dayrates in 2017.

For the three months ended March 31, 2017, Trinidad received early termination and standby revenue of \$11.4 million (2016 - \$4.6 million) primarily related to shortfall days. The early termination and standby revenue recognized in 2017 related primarily to lump sum amounts collected on six rigs for shortfall days. The early termination and standby revenue recognized in 2016 mainly related to lump sum amounts collected for three rigs with contracts that had all expired by March 31, 2016. Excluding early termination and standby revenue, dayrate averaged \$19,034 per day in 2017, down \$3,317 per day from the adjusted dayrate of \$22,351 per day in 2016. The decrease in the adjusted dayrate was primarily due to an increase in the number of rigs working at spot market rates compared to contract rates combined with one large rig that moved from a contract rate to standby rate during the current quarter.

Operating income - net percentage decreased slightly in the current period compared to 2016 as a result of increased number of rigs on spot market pricing compared to contract pricing. Adjusted for early termination and standby revenue, operating income - net percentage was 34.1% in the first quarter of 2017 compared to 42.0% in 2016, due to increased rigs on spot market pricing.

Trinidad's Canadian rig count totaled 71 rigs at March 31, 2017, compared to 72 rigs at March 31, 2016. During the quarter ended March 31, 2017, the Company transferred one rig to its US and international division.

First Quarter of 2017 versus Fourth Quarter of 2016

In the first quarter of 2017, operating revenue and operating income increased by \$24.7 million and \$14.6 million, respectively, compared to the fourth quarter of 2016. Operating revenue increased in the current period due to higher activity and improved dayrates. In the first quarter of 2017, the Canadian operations recorded 821 more operating days and dayrates increased by \$2,847 per day, compared to the fourth quarter of 2016. The increase in operating days reflects the typical seasonality of the winter drilling season in Canada, combined with growing customer demand. Excluding the impact of early termination and standby revenue, dayrates decreased by \$977 per day in the first quarter of 2017 compared to the fourth quarter of 2016, due to an increase in the number of rigs on spot market pricing compared to contract pricing, combined with one large rig moving from a contracted rate to standby rate during the quarter.

Operating income - net percentage increased to 45.2% in the first quarter of 2017 compared to 37.5% in the fourth quarter of 2016, as a result of the \$11.4 million of early termination and standby revenue in the first quarter of 2017, compared to \$0.2 million in the fourth quarter of 2016. Adjusted for early termination and standby revenue, operating income - net percentage was 34.1% in the first quarter of 2017 compared to 37.1% in the fourth quarter of 2016, due to increased rigs on spot market pricing and a previously contracted rig moving to a standby rate in the first quarter of 2017.

United States and International Operations

Three months ended March 31,

(\$ thousands except percentage and operating data)	2017	2016	% Change
Operating revenue ⁽¹⁾	58,099	49,450	17.5
Operating income ⁽²⁾	18,202	23,110	(21.2)
Operating income - net percentage ⁽²⁾	31.3	% 46.7	%
Operating days ⁽²⁾	2,465	1,733	42.2
Rate per operating day (US\$) ⁽²⁾	17,847	20,438	(12.7)
Utilization rate - operating day ⁽²⁾	41	% 29	% 41.4
Number of drilling rigs at period end	68	67	1.5

(1) Operating revenue excludes third party recovery.

(2) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section at the end of this document.

For the three months ended March 31, 2017, Trinidad recorded operating revenue and operating income of \$58.1 million and \$18.2 million, an increase of 17.5% and a decrease of 21.2%, respectively, compared to 2016. Operating revenue increased in the current period due to higher activity compared to 2016, partially offset by lower early termination and standby revenue and lower dayrates.

During the first quarter of 2017, Trinidad recorded 2,465 operating days, up 42.2% or 732 days from the same quarter last year. Improving commodity prices and growing customer demand drove the increased activity level in the current period. During the first three months of 2017, Trinidad re-activated eight rigs in its US and international division, primarily in the Permian Basin.

For the three months ended March 31, 2017, Trinidad recorded lower average dayrates than in 2016 primarily due to a decrease in early termination and standby revenue recorded. In the three months ended March 31, 2017, Trinidad recorded standby revenue of US\$0.7 million, compared to early termination and standby revenue of US\$3.7 million in 2016. Standby revenue during the three months ended March 31, 2017 related to one rig. Early termination and standby revenue for 2016 mainly related to three rigs that were terminated at the end of 2015 and one in 2016, with an average remaining contract period of 18 months.

Excluding the impact of early termination and standby revenue, dayrates averaged US\$17,578 per day in the first quarter of 2017, a decrease of US\$721 per day from the adjusted dayrate of US\$18,299 per day in 2016. Adjusted dayrates lowered during the three months ended March 31, 2017 compared to 2016 as a result of an increased number of rigs operating in the spot market at highly competitive pricing.

Operating income decreased by \$4.9 million during the first quarter of 2017 compared to 2016, mainly due to rig re-activation costs of approximately \$2.7 million which included approximately \$2.0 million of costs to move rigs between plays combined with an increase in labour costs.

For the three months ended March 31, 2017, Trinidad recorded operating income - net percentage of 31.3% compared to 46.7% in 2016. Operating income - net percentage decreased mainly as a result of less early termination and standby revenue received and increased costs as discussed above. After adjusting for early termination and standby revenue and rig reactivation costs, Trinidad recorded operating income - net percentage of 35.0% during the first quarter of 2017 compared to 40.5% in 2016.

Trinidad's US and international rig count totaled 68 rigs at March 31, 2017 compared to 67 at March 31, 2016 due to a rig transferred from the Canadian operations in the first quarter of 2017. The rig was transferred to meet increased customer demand in the Permian Basin.

First Quarter of 2017 versus Fourth Quarter of 2016

Operating revenue and operating income increased by \$13.3 million and \$5.9 million, respectively, in the first quarter of 2017, compared to the fourth quarter of 2016. Operating revenue and operating income increased primarily due to 704 more operating days in the current period, partially offset by lower dayrates. Dayrates in the current quarter were US\$1,344 per day lower than the fourth quarter of 2016, as a result of less early termination and standby revenue in the current period. During the first quarter of 2017, Trinidad recorded standby revenue of US\$0.7 million compared to standby revenue of US\$1.6 million in the fourth quarter of 2016. Excluding the impact of early termination and standby revenue, dayrates averaged US\$17,578 per day in the current quarter compared to US\$18,290 in the fourth quarter of 2016. Adjusted dayrates lowered in the current quarter as a result of an increase in activity levels resulting in more rigs working in the spot market.

Operating income - net percentage increased to 31.3% in the first quarter of 2017 compared to 27.5% in the fourth quarter of 2016. Operating income - net percentage increased in the current quarter as a result of higher operating revenue as discussed above, combined with a reduction of approximately \$1.5 million in re-activation costs.

Joint Venture Operations

Trinidad Drilling International (TDI):

Amounts below are presented at 100% of the value included in the statement of operations and comprehensive income for Trinidad Drilling International (TDI); Trinidad owns 60% of the shares of TDI.

Three months ended March 31,

(\$ thousands except percentage and operating data)	2017	2016	% Change
Operating revenue	51,510	46,072	11.8
Operating income ⁽¹⁾	38,264	19,312	98.1
Operating income - net percentage ⁽¹⁾	74.3	% 41.9	%

Operating days ⁽¹⁾	354	690	(48.7)
Rate per operating day (US\$) ⁽¹⁾	107,057	46,676	129.4
Utilization rate - operating day ⁽¹⁾	49	% 95	% (48.4)
Number of drilling rigs at period end	8	8	-

(1) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section at the end of this document.

For the three months ended March 31, 2017, TDI recorded operating revenue of \$51.5 million, an increase of 11.8% from the same period in 2016. Operating revenue increased primarily due to early termination revenue received in the Mexican drilling division, partially offset by lower activity in both the Mexican and Saudi Arabian drilling divisions. TDI recorded early termination and standby revenue of US\$21.5 million in the first quarter of 2017, which includes US\$18.1 million of early termination revenue related to contracts on two rigs in its Mexican division. During the three months ended March 31, 2017, TDI recorded utilization of 49%, compared to 95% in 2016. Utilization lowered in the current quarter as a result of one idle-but-contracted rig in Saudi Arabia, one idle-but-contracted rig in Mexico, and the two early terminated rigs that were stacked in Mexico during the quarter. In the first quarter of 2016, TDI had all eight rigs actively working. Early termination and standby revenue recorded in the first quarter of 2017 relates to three contracts, one of which had an expiry date prior to December 31, 2017 and the other two with expiry dates prior to March 31, 2018.

Operating income and operating income - net percentage increased in the current period as a result of higher early termination and standby revenue received in the quarter. This type of revenue is recorded with minimal associated operating expenses increasing operating income - net percentage compared to the prior year.

In the first quarter of 2017, dayrates averaged US\$107,057 per day, an increase of US\$60,381 per day compared to 2016, due to US\$21.5 million of early termination and standby revenue during 2017. As this revenue is recorded with no operating days, it increases profitability and dayrates.

First Quarter of 2017 versus Fourth Quarter of 2016

TDI recorded an increase of \$25.9 million in operating revenue during the first quarter of 2017 compared to the fourth quarter of 2016. This increase is primarily due to early termination and standby revenue of US\$21.5 million recorded in the three months ended March 31, 2017, compared to US\$6.4 million recorded in the three months ended December 31, 2016.

TDI recorded an increase of 70 operating days in the first quarter of 2017, compared to the fourth quarter of 2016 as one rig in the Mexican division was re-activated during the first quarter of 2017.

Manufacturing Operations

In the fourth quarter of 2015, due to lower demand for new and upgraded equipment, Trinidad chose to restructure its manufacturing operations, resizing its cost base to better reflect lower activity levels. As of June 30, 2016, the restructuring of the manufacturing division was complete. No revenue or operating costs were recorded in Trinidad's manufacturing division during the first quarter of 2017 or fourth quarter of 2016. For the three months ended March 31, 2016, Trinidad recognized revenue of \$2.1 million and operating expenses of \$2.7 million related to one upgrade project and various repairs and maintenance type work performed on the TDI joint venture rigs in Mexico and Saudi Arabia.

FINANCIAL SUMMARY

As at	March 31, December 31,		
(\$ thousands)	2017	2016	\$ Change
Working capital (1)	79,290	48,121	31,169
Total long-term debt	487,977	603,016	(115,039)
Total long-term debt as a percentage of assets	24.8	% 30.4	%
Total long-term liabilities as a percentage of assets	26.9	% 33.2	%

(1) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section at the end of this document.

Trinidad's total long-term debt balance at March 31, 2017 decreased by \$115.0 million compared to December 31, 2016. This decrease was largely due to the redemption of the 2019 Senior Notes, partially offset by the issuance of the 2025 Senior Notes at a lower principal balance and the strengthening of the Canadian dollar compared to the US dollar at March 31, 2017 versus December 31, 2016. As these notes are held in US funds, the Senior Notes are translated at each period end, and as such, their aggregate value fluctuates with the US to Canadian exchange rates. The decrease in Senior Notes was partially offset by \$33.2 million outstanding on the Canadian dollar credit facility at March 31, 2017, with no amount outstanding at December 31, 2016.

Trinidad has designated the Senior Notes as a net investment hedge of the US and international operations. As a result, unrealized gains and losses on the US dollar Senior Notes are offset against foreign exchange gains and losses arising from the translation of

the foreign subsidiaries and included in the cumulative translation account in other comprehensive income.

On January 27, 2017, Trinidad amended its previously existing credit facility, dated June 24, 2016, to allow for flexibility in the redemption of the 2019 Senior Notes and subsequent issuance of the 2025 Senior Notes. The new amended credit facility includes a Canadian revolving facility of \$100.0 million and a US revolving facility of \$100.0 million. Included in the facility are a \$10.0 million Canadian dollar bank overdraft and a \$10.0 million US dollar bank overdraft. The facility requires quarterly interest payments based on Bankers Acceptance and LIBOR rates. The facility matures on December 12, 2018, and is subject to annual extensions of an additional year on each anniversary date upon consent of the lenders holding two-thirds of the aggregate commitments under the credit facility. The members of the syndicated groups include major Canadian, US and international financial institutions. The debt is secured by a general guarantee over the assets of Trinidad and its subsidiaries.

At March 31, 2017, the following financial covenants were in place:

Senior Debt to Bank EBITDA ⁽¹⁾ Max of 2.5x

Bank EBITDA to Cash Interest Expense ⁽¹⁾ Min of 1.5x

(1) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section at the end of this document.

At March 31, 2017, Senior Debt to Bank EBITDA was 0.34 times and Bank EBITDA to Cash Interest Expense was 2.14 times. Trinidad was in compliance with all covenants at March 31, 2017.

On April 1, 2018, the Bank EBITDA to Cash Interest Expense covenant increases to a minimum of 2.5 times.

Other covenants in effect include but are not limited to the following: incurring additional debt and liens on assets; investments, including advances to the TDI joint venture; asset sales; and making restricted payments. The new amended credit facility also includes a dividend restriction whereby no dividends may be paid from April 1, 2016 to March 31, 2018. At March 31, 2017, Trinidad is in compliance with all covenants related to the credit facility.

2025 Senior Notes

The 2025 Senior Notes are unsecured and have no financial covenant compliance reporting requirements. There are other covenant limitations, including the following: incurring additional debt; investments; asset sales; and restricted payments. Restricted payments are allowed within a basket, calculated as the accumulated net earnings from January 1, 2017 to the current period at 50% of net income or 100% of net loss, plus equity issued for cash and the net fair market value of other restricted assets added for equity. At March 31, 2017, Trinidad has a significant positive restricted payment basket available. Future contributions to the TDI joint venture are limited in a separate permitted business investment basket not to exceed the greater of US\$300.0 million and 20% of consolidated tangible assets.

Readers are cautioned that the ratios noted above do not have standardized meanings under IFRS.

Capital Expenditures

In 2017, Trinidad expects to spend approximately \$175.0 million in capital expenditures, mostly related to upgrading rigs.

Three months ended March 31,

(\$ thousands)

	2017	2016
Capital upgrades and enhancements	17,827	9,471
Maintenance and infrastructure	5,345	2,090
Capital spares inventory	-	8,603
Total capital expenditures for Trinidad	23,172	20,164
TDI joint venture capital expenditures (Trinidad's 60% share)	91	2,249
Total capital expenditures including TDI joint venture	23,263	22,413

During the quarter ended March 31, 2017, Trinidad spent \$23.2 million on capital expenditures, compared to \$20.2 million in 2016. The increase in expenditures related primarily to capital upgrades associated with growing customer demand for high performance rigs and increased maintenance and infrastructure projects. In addition, the Company spent \$0.1 million related to its portion of capital spending for the TDI joint venture, compared to \$2.2 million in the first quarter of 2016.

CONFERENCE CALL

Conference Call: Wednesday, May 10, 2017
9:00 a.m. MT (11:00 a.m. ET)

866-393-4306 (toll-free in North America) or 734-385-2616 approximately 10 minutes prior to the conference call.
Conference ID: 4117537

Archived Recording: 855-859-2056 or 404-537-3406
Conference ID: 4117537

Webcast: <https://www.trinidaddrilling.com/investors/events-presentations>

INVESTORS' DAY

Trinidad will be hosting a rig tour and investor day for institutional investors and analysts on June 20, 2017 in Midland, Texas. To register for the event or for more information, please contact Lisa Ottmann at (403) 294-4401.

Trinidad is a corporation focused on sustainable growth that trades on the Toronto Stock Exchange under the symbol TDG. Trinidad's divisions currently operate in the drilling sector of the oil and natural gas industry, with operations in Canada, the United States and internationally. In addition, through joint venture arrangements, Trinidad operates drilling rigs in Saudi Arabia and Mexico, and is currently assessing operations in other international markets. Trinidad is focused on providing modern, reliable, expertly designed equipment operated by well-trained and experienced personnel. Trinidad's drilling fleet is one of the most adaptable, technologically advanced and competitive in the industry.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at (\$ thousands) - unaudited	March 31, 2017	December 31, 2016
Assets		
Current Assets		
Cash and cash equivalents	13,468	25,780
Accounts receivable	122,414	91,062
Inventory	7,316	7,907
Prepaid expenses	3,085	4,960
Assets held for sale	-	218
	146,283	129,927
Property and equipment	1,452,510	1,482,897
Intangible assets and goodwill	33,324	33,706
Deferred income taxes	72,287	72,873
Investments in joint ventures	260,603	262,673
	1,965,007	1,982,076
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	64,178	79,388
Deferred revenue and customer deposits	856	459
Current portion of long-term debt	1,959	1,959
	66,993	81,806
Long-term debt	486,018	601,057
Deferred income taxes	35,541	49,348
Non-controlling interests	6,991	7,197
	595,543	739,408
Shareholders' Equity		
Common shares	1,519,351	1,374,656
Contributed surplus	65,107	65,087
Accumulated other comprehensive income	173,516	179,499
Deficit	(388,510)	(376,574)
	1,369,464	1,242,668
	1,965,007	1,982,076

Consolidated Statements of Operations and Comprehensive (Loss) Income

Three months ended March 31, (\$ thousands) - unaudited	2017	2016
--	------	------

Revenue		
Oilfield service revenue	131,938	107,087
Other revenue	799	563
	132,737	107,650
Expenses		
Operating expense	84,099	60,971
General and administrative	18,082	13,651
Depreciation and amortization	44,561	43,247
Foreign exchange	5,256	(2,450)
Loss (gain) on sale of assets	73	(1,237)
	152,071	114,182
(Gain) from investments in joint ventures ⁽¹⁾	(8,503)	(21,432)
Finance and transaction costs	14,113	14,132
(Loss) income before income taxes	(24,944)	768
Income taxes		
Current	41	286
Deferred	(12,867)	(10,659)
	(12,826)	(10,373)
Net (loss) income	(12,118)	11,141
Other comprehensive (loss)		
Foreign currency translation adjustment for foreign operations, net of tax	(5,983)	(48,320)
Foreign currency translation adjustment for non-controlling interest, net of tax	(111)	(298)
	(6,094)	(48,618)
Total comprehensive (loss)	(18,212)	(37,477)
Net (loss) income attributable to:		
Shareholders of Trinidad	(11,936)	11,303
Non-controlling interests	(182)	(162)
Total comprehensive (loss) attributable to:		
Shareholders of Trinidad	(17,919)	(37,017)
Non-controlling interests	(293)	(460)
Earnings per share		
Net (loss) income		
Basic / Diluted	(0.05)	0.05

(1) (Gain) from investments in joint ventures includes Trinidad's portion of the net income in all joint ventures as well as the fair value adjustment related to the TDI joint venture as this is held as a financial asset.

Consolidated Statements of Changes in Equity

Three months ended March 31, 2017 and 2016	Common	Contributed	Accumulated other comprehensive income ⁽¹⁾	(Deficit)	Total equity
(\$ thousands) - unaudited	shares	surplus			
Balance at December 31, 2016	1,374,656	65,087	179,499	(376,574)	1,242,668
Issuance of shares	149,500	-	-	-	149,500
Share issuance costs (net of tax)	(4,805)	-	-	-	(4,805)
Share-based payment expense	-	20	-	-	20
Total comprehensive (loss)	-	-	(5,983)	(11,936)	(17,919)
Balance at March 31, 2017	1,519,351	65,107	173,516	(388,510)	1,369,464
Balance at December 31, 2015	1,374,656	64,884	203,947	(324,028)	1,319,459
Share-based payment expense	-	45	-	-	45
Total comprehensive (loss) income	-	-	(48,320)	11,303	(37,017)
Balance at March 31, 2016	1,374,656	64,929	155,627	(312,725)	1,282,487

(1) Accumulated other comprehensive income consists of the foreign currency translation adjustment. All amounts will be reclassified to profit or loss when specific conditions are met.

Consolidated Statements of Cash Flows

Three months ended March 31,

(\$ thousands) - unaudited

Cash provided by (used in)

Operating activities

Net (loss) income	2017	2016
	(12,118)	11,141

Adjustments for:

Depreciation and amortization	44,561	43,247
-------------------------------	--------	--------

Foreign exchange	5,256	(2,450)
------------------	-------	----------

Loss (gain) on sale of assets	73	(1,237)
-------------------------------	----	----------

(Gain) from investments in joint ventures ⁽¹⁾	(8,503)	(21,432)
--	----------	-----------

Finance and transaction costs	14,113	14,132
-------------------------------	--------	--------

Income taxes	(12,826)	(10,373)
--------------	-----------	-----------

Interest income	-	(1)
-----------------	---	------

Other ⁽²⁾	(767)	930
----------------------	--------	-----

Income taxes paid	(298)	(953)
-------------------	--------	--------

Income taxes recovered	4	87
------------------------	---	----

Interest paid	(29,258)	(24,392)
---------------	-----------	-----------

Interest received	-	1
-------------------	---	---

Funds flow	237	8,700
------------	-----	-------

Change in non-cash operating working capital	(27,934)	7,193
--	-----------	-------

Cash flow (used) provided by operating activities	(27,697)	15,893
---	-----------	--------

Investing activities

Purchase of property and equipment	(23,172)	(20,164)
------------------------------------	-----------	-----------

Proceeds from disposition of assets	283	4,469
-------------------------------------	-----	-------

Net investments in joint ventures	7,740	2,442
-----------------------------------	-------	-------

Distribution and dividends received from joint venture	-	21,509
--	---	--------

Change in non-cash working capital	(742)	13,437
------------------------------------	--------	--------

Cash flow (used) provided by investing activities	(15,891)	21,693
---	-----------	--------

Financing activities

Proceeds from long-term debt	53,248	130,188
------------------------------	--------	---------

Repayments of long-term debt	(20,000)	(179,714)
------------------------------	-----------	------------

Issuance of shares	149,500	-
--------------------	---------	---

Share issuance costs	(6,561)	-
----------------------	----------	---

Dividends paid	-	(2,221)
----------------	---	----------

Proceeds from 2025 Senior Notes	461,860	-
---------------------------------	---------	---

Repayments of 2019 Senior Notes	(591,670)	-
---------------------------------	------------	---

Debt issuance costs	(11,459)	(24)
---------------------	-----------	-------

Change in non-cash working capital	157	-
------------------------------------	-----	---

Cash flow provided (used) by financing activities	35,075	(51,771)
---	--------	-----------

Cash flow from operating, investing and financing activities	(8,513)	(14,185)
--	----------	-----------

Effect of translation of foreign currency cash	(3,799)	(1,108)
--	----------	----------

Decrease in cash for the period	(12,312)	(15,293)
---------------------------------	-----------	-----------

Cash and cash equivalents - beginning of period	25,780	63,686
---	--------	--------

Cash and cash equivalents - end of period	13,468	48,393
---	--------	--------

(1) (Gain) from investment in joint ventures includes Trinidad's portion of the net income in all joint ventures as well as the fair value adjustment related to the TDI joint venture as this is held as a financial asset.

(2) Other includes share-based payment recovery \$0.9 million (2016 – expense of \$0.7 million) and elimination of downstream transactions in the Manufacturing Operations net earnings.

NON-GAAP MEASURES DEFINITIONS

This document contains references to certain financial measures and associated per share data that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. These financial measures are computed on a consistent basis for each reporting period and include: Adjusted EBITDA, Adjusted EBITDA from investments in joint ventures, Working capital, Senior Debt to Bank EBITDA, Bank EBITDA to Cash Interest Expense, Operating days, Utilization rate - operating day, and Rate per operating day or Dayrate. These non-GAAP measures are identified and defined as follows:

Adjusted EBITDA is used by management and investors to analyze the Company's profitability based on the Company's principal

business activities prior to how these activities are financed, how assets are depreciated and amortized and how the results are taxed in various jurisdictions. Additionally, in order to focus on the core business alone, amounts are removed related to foreign exchange, share-based payment expense, impairment expenses, the sale of assets, and fair value adjustments on financial assets and liabilities, as the Company does not deem these to relate to the core drilling business. Adjusted EBITDA also takes into account the Company's portion of the principal activities of the joint venture arrangements by removing the (gain) loss from investments in joint ventures and including adjusted EBITDA from investments in joint ventures. Adjusted EBITDA is not intended to represent net (loss) income as calculated in accordance with IFRS. Adjusted EBITDA is calculated using 100% of the related amounts from all entities controlled by Trinidad where Trinidad may not hold 100% of the outstanding shares.

Adjusted EBITDA is calculated as follows:

Three months ended March 31,		
(\$ thousands)	2017	2016
Net (loss) income	(12,118)	11,141
Plus:		
Finance and transaction costs	14,113	14,132
Depreciation and amortization	44,561	43,247
Income taxes	(12,826)	(10,373)
	33,730	58,147
Plus:		
Loss (gain) on sale of assets	73	(1,237)
Share-based payment (recovery) expense	(879)	674
Foreign exchange loss (gain)	5,256	(2,450)
(Gain) from investments in joint ventures	(8,503)	(21,432)
Adjusted EBITDA from investments in joint ventures	21,581	10,505
Adjusted EBITDA	51,258	44,207

Adjusted EBITDA from investments in joint ventures is used by management and investors to analyze the results generated by the Company's joint venture operations prior to how these activities are financed, how assets are depreciated and amortized and how the results are taxed in various jurisdictions. Additionally, in order to focus on the core drilling business, amounts related to foreign exchange, dividend expense, impairment adjustments to property and equipment, as well as preferred share valuation and the sale of assets are removed. Lastly, amounts recorded for the revaluation on the investment of the TDI joint venture are removed as these are non-cash items and unrelated to the operations of the business. Adjusted EBITDA from investments in joint ventures is not intended to represent net (loss) income as calculated in accordance with IFRS.

Adjusted EBITDA from investments in joint ventures is calculated as follows:

Three months ended March 31,		
(\$ thousands)	2017	2016
Gain from investments in joint ventures	8,503	21,432
Plus:		
Finance costs	(42)	452
Depreciation and amortization	6,010	6,256
Income taxes	(131)	1,670
	14,340	29,810
Plus:		
Dividend expense	-	14,891
Foreign exchange	664	110
TDI investment - fair value adjustment	6,059	(20,398)
Preferred share valuation	518	(13,908)
Adjusted EBITDA from investments in joint ventures	21,581	10,505

Working capital is used by management and the investment community to analyze the operating liquidity available to the Company.

Senior Debt to Bank EBITDA is defined as the consolidated balance of the credit facility and other debt secured by a lien at quarter end to consolidated Bank EBITDA for the trailing 12 months (TTM). Bank EBITDA used in this financial ratio is calculated as net earnings before interest, taxes, depreciation and amortization, plus impairment expense, loss (gain) on sale of assets, loss (gain) from investments in joint ventures, share-based payment expense and unrealized foreign exchange. Bank EBITDA also includes all distributions received from the Company's joint ventures during the period.

Bank EBITDA to Cash Interest Expense is defined as the consolidated Bank EBITDA for TTM to the cash interest expense on all debt balances for TTM. Bank EBITDA used in this financial ratio is calculated as net earnings before interest, taxes, depreciation

and amortization, plus impairment expense, loss (gain) on sale of assets, loss (gain) from investments in joint ventures, share-based payment expense and unrealized foreign exchange. Bank EBITDA also includes all distributions received from the Company's joint ventures during the period.

Operating days is defined as moving days (move in, rig up and tear out) plus drilling days (spud to rig release).

Rate per operating day or Dayrate is defined as operating revenue (net of third party costs) divided by operating days (drilling days plus moving days).

Utilization rate - operating day is defined as operating days divided by total available rig days.

ADDITIONAL GAAP MEASURES DEFINITIONS

To assess performance, the Company uses certain additional GAAP financial measures within this document that are not defined terms under IFRS. Management believes that these measures provide useful supplemental information to investors, and provide the reader a more accurate reflection of our industry. These financial measures are computed on a consistent basis for each reporting period and include Operating revenue or Revenue, net of third party costs, Funds flow, Operating income, and Operating income - net percentage. These additional GAAP measures are defined as follows:

Operating revenue or Revenue, net of third party costs is defined as revenue earned for drilling activities excluding all third party revenues. Third party revenues mainly consist of rental activities and other services provided by third parties for which Trinidad does not earn a mark-up on. This metric is used by analysts and investors to assess the operations of each segment based on the core drilling business alone and more accurately reflects the health of those operations. The operating revenue for each reportable segment is disclosed in the segmented information included in the consolidated financial statements.

Funds flow is used by management and investors to analyze the funds generated by Trinidad's principal business activities prior to consideration of working capital, which is primarily made up of highly liquid balances. This balance is reported in the consolidated statements of cash flows included in the cash flows from operating activities section.

Operating income is used by management and investors to analyze overall and segmented operating performance. Operating income is not intended to represent an alternative to net (loss) income or other measures of financial performance calculated in accordance with IFRS. Operating income is calculated from the consolidated statements of operations and comprehensive (loss) income and from the segmented information contained in the notes to the consolidated financial statements. Operating income is defined as revenue less operating expenses.

Operating income percentage is used by management and investors to analyze overall and segmented operating performance, including third party recovery and third party costs, as well as inter-segment revenue and inter-segment operating costs. Operating income percentage is calculated from the consolidated statements of operations and comprehensive (loss) income and from the segmented information in the notes to the consolidated financial statements. Operating income percentage is defined as operating income divided by revenue.

Operating income - net percentage is used by management and investors to analyze overall and segmented operating performance excluding third party recovery and third party costs, as well as inter-segment revenue and inter-segment operating costs, as these revenue and expenses do not have an effect on consolidated net (loss) income. Operating income - net percentage is calculated from the consolidated statements of operations and comprehensive (loss) income and from the segmented information in the notes to the consolidated financial statements. Operating income - net percentage is defined as operating income less third party G&A expenses divided by revenue net of operating and G&A third party costs.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements relating to Trinidad's plans, strategies, objectives, expectations and intentions. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "confident", "might" and similar expressions are intended to identify forward-looking information or statements. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this document. The forward-looking information and statements included in this document are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. In particular, but without limiting the foregoing, this document may contain forward-looking information and statements pertaining to:

- the assumption that Trinidad's customers will honour their long-term contracts, and Trinidad's ability to sign future long-term contracts;
- future liquidity levels;
- fluctuations in the demand for Trinidad's services;

- the ability for Trinidad to attract and retain qualified personnel, in particular field staff to crew the Company's rigs;
- Trinidad's ability to increase dayrates;
- the existence of competitors, technological changes and developments in the oilfield services industry;
- the existence of operating risks inherent in the oilfield services industry;
- assumptions respecting internal capital expenditure programs and expenditures by oil and gas exploration and production companies;
- assumptions regarding commodity prices, in particular oil and natural gas;
- assumptions respecting supply and demand for commodities, in particular oil and natural gas;
- assumptions regarding future expected cash flows and potential distributions from joint venture partners including Trinidad Drilling International (TDI);
- assumptions regarding foreign currency exchange rates and interest rates;
- assumptions around future Other G&A cost levels;
- the existence of regulatory and legislative uncertainties;
- the possibility of changes in tax laws; and general economic conditions including the capital and credit markets;
- assumptions made about our future banking covenants and liquidity; and
- assumptions made about future performance and operations of joint ventures and partnership arrangements.

Trinidad cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. Additional information on these and other factors that could affect Trinidad's business, operations or financial results are described in reports filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) including but not limited to Trinidad's annual MD&A, financial statements, Annual Information Form and Management Information Circular. The forward-looking information and statements contained in this document speak only as of the date of this document and Trinidad assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

Contact

[Trinidad Drilling Ltd.](#)

Brent Conway
President and Chief Executive Officer
403.265.6525

[Trinidad Drilling Ltd.](#)

Lesley Bolster
Chief Financial Officer
403.265.6525

[Trinidad Drilling Ltd.](#)

Lisa Ottmann
Vice President, Investor Relations
403.294.4401
investors@trinidaddrilling.com
www.trinidaddrilling.com